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Return of Private Foundation

or Section 4947(a)(1) Nonexempt Charitable Trust

Treated as a Private Foundation

OMB No 1545-0052

2009Department of the Treasury
Internal Revenue Service

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements

For calendar year 2009, or tax year beginning

, 2009, and ending

, 20

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return
☐ Amended return ☐ Address change ☐ Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation THE RAUCH FAMILY FOUNDATION		A Employer identification number 58-1888280
	Number and street (or P.O. box number if mail is not delivered to street address)	Room/suite	B Telephone number (see page 10 of the instructions)
	City or town, state, and ZIP code SOUTHERN PINES, NC 28388-1970		(909) 981-5331
H Check type of organization: ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 4,369,964 J Accounting method: ☐ Cash ☐ Accrual ☒ Other (specify) MODIFIED CASH (Part I, column (d) must be on cash basis.) C If exemption application is pending, check here ☐ D 1. Foreign organizations, check here ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ☐ E If private foundation status was terminated under section 507(b)(1)(A), check here ☐ F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐			

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Check ☐ if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	2,093	2,093		
	4 Dividends and interest from securities	58,362	58,362		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	264,639			
	b Gross sales price for all assets on line 6a				
	7 Capital gain net income (from Part IV, line 2)		264,639		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less: Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)	< 2,005 >	< 2,005 >			
12 Total. Add lines 1 through 11	323,056	323,056	N/A		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule)				
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions)	6,299			
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	8,125	8,125	N/A	
	24 Total operating and administrative expenses. Add lines 13 through 23	14,424	8,125	N/A	
	25 Contributions, gifts, grants paid	155,000			155,000
26 Total expenses and disbursements. Add lines 24 and 25	169,424	8,125	N/A	155,000	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	153,662				
b Net investment income (if negative, enter -0-)		314,961			
c Adjusted net income (if negative, enter -0-)			N/A		

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
Assets	1	Cash—non-interest-bearing				
	2	Savings and temporary cash investments	1,423,673	1,703,559	1,703,559	
	3	Accounts receivable ▶				
		Less: allowance for doubtful accounts ▶				
	4	Pledges receivable ▶				
		Less: allowance for doubtful accounts ▶				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 16 of the instructions)				
	7	Other notes and loans receivable (attach schedule) ▶				
		Less: allowance for doubtful accounts ▶				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges	3,222	1,360	1,360	
	10a	Investments—U.S. and state government obligations (attach schedule)				
	b	Investments—corporate stock (attach schedule)	2,872,818	2,871,673	2,558,260	
	c	Investments—corporate bonds (attach schedule)				
	11	Investments—land, buildings, and equipment: basis ▶				
	Less: accumulated depreciation (attach schedule) ▶					
12	Investments—mortgage loans					
13	Investments—other (attach schedule)	239,253	120,473	106,765		
14	Land, buildings, and equipment: basis ▶					
	Less: accumulated depreciation (attach schedule) ▶					
15	Other assets (describe ▶)					
16	Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	4,538,966	4,697,065	4,369,964		
Liabilities	17	Accounts payable and accrued expenses				
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, and other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)				
	22	Other liabilities (describe ▶ <u>TAXES PAYABLE</u>)	1,862	6,299		
	23	Total liabilities (add lines 17 through 22)	1,862	6,299		
Net Assets or Fund Balances		Foundations that follow SFAS 117, check here ☐				
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
		Foundations that do not follow SFAS 117, check here ▶ ☐				
	27	Capital stock, trust principal, or current funds				
	28	Paid-in or capital surplus, or land, bldg., and equipment fund				
	29	Retained earnings, accumulated income, endowment, or other funds				
	30	Total net assets or fund balances (see page 17 of the instructions)	4,537,104	4,690,766		
	31	Total liabilities and net assets/fund balances (see page 17 of the instructions)	4,538,966	4,690,065		

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	4,537,104
2	Enter amount from Part I, line 27a	2	153,662
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	4,690,766
5	Decreases not included in line 2 (itemize) ▶	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	4,690,766

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Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a			
b CELL3DIRECT ESCROW ACCOUNT	P	1/31/08	2/04/09
c GEMENTECH - 800 SHARES	P	7/20/99	3/26/09
d J.P. MORGAN H&Q FUND II, LLC			
e GRAY HAWK VENTURE FUND I, LP			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a			
b 187,836		149,737	38,099
c 76,000		9,700	66,300
d	K-1 DISTRIBUTION		7,880
e	K-1 DISTRIBUTION		152,360

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a			
b			
c			
d			
e			

2 Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }	2	264,639
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions). If (loss), enter -0- in Part I, line 8		3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☐ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see page 18 of the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2008	353,138	4,479,369	.078837
2007	280,000	4,535,761	.061732
2006	333,500	3,667,280	.091218
2005	141,000	2,489,745	.056648
2004	134,785	1,299,033	.103766

2 Total of line 1, column (d)	2	.301471
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	.062942
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	3,521,324
5 Multiply line 4 by line 3	5	221,640
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	3,150
7 Add lines 5 and 6	7	224,790
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18.	8	155,000

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Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary—see instructions)		
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b		1 6,299
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)		
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2
3 Add lines 1 and 2		3 6,299
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5 6,299
6 Credits/Payments:		
a 2009 estimated tax payments and 2008 overpayment credited to 2009	6a 1,360	
b Exempt foreign organizations—tax withheld at source	6b	
c Tax paid with application for extension of time to file (Form 8868)	6c 10,500	
d Backup withholding erroneously withheld	6d	
7 Total credits and payments. Add lines 6a through 6d	7 11,860	
8 Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10 5,561	
11 Enter the amount of line 10 to be: Credited to 2010 estimated tax ☒ 5,561 Refunded ☐	11	

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ► \$ _____ (2) On foundation managers. ► \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ► \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		N/A
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?		X
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV		X
8a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ► NORTH CAROLINA		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation		X
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2009 or the taxable year beginning in 2009 (see instructions for Part XIV on page 27)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

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Part VII-A Statements Regarding Activities (continued)

- 11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see page 20 of the instructions) 11 ☒ X
- 12 Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008? 12 N/A
- 13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► N/A 13 ☒ X
- 14 The books are in care of ► DUDLEY A. RAUCH, INCORPORATED Telephone no. ► (909) 951-5331
Located at ► TERRY BOOKKEEPING, 421 N. EUCLID AVE, ONAHO, CA 91762 14
- 15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here. ☐
and enter the amount of tax-exempt interest received or accrued during the year 15

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

- | | Yes | No |
|--|-----|----|
| 1a During the year did the foundation (either directly or indirectly): | | |
| (1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No | | |
| (2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No | | |
| (3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No | | |
| (4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ No | | |
| (5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No | | |
| (6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ Yes ☒ No | | |
| b If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? 1b N/A | | |
| Organizations relying on a current notice regarding disaster assistance check here ☐ | | |
| c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009? 1c X | | |
| 2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)): | | |
| a At the end of tax year 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009? ☐ Yes ☒ No
If "Yes," list the years ► 20____, 20____, 20____, 20____ | | |
| b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see page 20 of the instructions.) 2b N/A | | |
| c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here.
► 20____, 20____, 20____, 20____ | | |
| 3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No | | |
| b If "Yes," did it have excess business holdings in 2009 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2009.) 3b N/A | | |
| 4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes? 4a X | | |
| b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2009? 4b X | | |

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions) ☐ Yes ☒ No(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ Nob If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)? ☐ Yes ☒ NoOrganizations relying on a current notice regarding disaster assistance check here ☐c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945–5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ Nob Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

If "Yes" to 6b, file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ Nob If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? ☐ Yes ☒ No**Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**

1 List all officers, directors, trustees, foundation managers and their compensation (see page 22 of the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
DUDLEY A. RAUCH	President	2		
CECILIA R. RAUCH	Secretary	1/10		
HEATHER B. R. WATKINS	Director	1/10		

2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over \$50,000 ☐

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Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)

3 Five highest-paid independent contractors for professional services (see page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

Expenses

1		
2	N/A	
3		
4		

Part IX-B Summary of Program-Related Investments (see page 24 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

Amount

1	NONE	
2		
3	All other program-related investments See page 24 of the instructions	

Total. Add lines 1 through 3

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Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of the instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	1,924,588
b	Average of monthly cash balances	1b	1,650,375
c	Fair market value of all other assets (see page 24 of the instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	3,574,963
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	3,574,963
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see page 25 of the instructions)	4	53,624
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,521,339
6	Minimum investment return. Enter 5% of line 5	6	176,067

Part XI Distributable Amount (see page 25 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	176,067
2a	Tax on investment income for 2009 from Part VI, line 5	2a	6,299
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	6,299
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	169,768
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	169,768
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	169,768

Part XII Qualifying Distributions (see page 25 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	155,000
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	155,000
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 26 of the instructions)	5	
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	155,000

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

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Part XIII Undistributed Income (see page 26 of the instructions)

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				169,768
2 Undistributed income, if any, as of the end of 2009.				
a Enter amount for 2008 only			0	
b Total for prior years: 20 __, 20 __, 20 __		0		
3 Excess distributions carryover, if any, to 2009:				
a From 2004				
b From 2005				
c From 2006				14,649
d From 2007				60,434
e From 2008				133,994
f Total of lines 3a through e				199,077
4 Qualifying distributions for 2009 from Part XII, line 4: ▶ \$ 155,000				
a Applied to 2008, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 26 of the instructions)				
d Applied to 2009 distributable amount				155,000
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a).)	14,768			14,768
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	184,309			
b Prior years' undistributed income. Subtract line 4b from line 2b		0		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0		
d Subtract line 6c from line 6b. Taxable amount—see page 27 of the instructions		0		
e Undistributed income for 2008. Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions			0	
f Undistributed income for 2009. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2010				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)	0			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7 (see page 27 of the instructions)	0			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	184,309			
10 Analysis of line 9:				
a Excess from 2005	0			
b Excess from 2006	0			
c Excess from 2007	50,315			
d Excess from 2008	133,994			
e Excess from 2009	0			

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Part XIV Private Operating Foundations (see page 27 of the instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2009, enter the date of the ruling

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

Tax year	Prior 3 years			(e) Total
(a) 2009	(b) 2008	(c) 2007	(d) 2006	
b 85% of line 2a				
c Qualifying distributions from Part XII, line 4 for each year listed				
d Amounts included in line 2c not used directly for active conduct of exempt activities				
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c				
3 Complete 3a, b, or c for the alternative test relied upon:				
a "Assets" alternative test—enter:				
(1) Value of all assets				
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)				
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed				
c "Support" alternative test—enter:				
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)				
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)				
(3) Largest amount of support from an exempt organization				
(4) Gross investment income				

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see page 28 of the instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

JUDLEY A. RAUCH PRESIDENT, INAGURA, DIRECTOR J. A. DRAUGHN
CECILIA R. RAUCH SECRETARY

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ☒ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

N/A

b The form in which applications should be submitted and information and materials they should include:

N/A

c Any submission deadlines:

N/A

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

N/A

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Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
LOS ANGELES OPERA 135 NORTH GRAND AVE LOS ANGELES, CA 90012 #141	8/6/09		UNRESTRICTED - ANNUAL GIVING	100,000
JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS #142 2700 F STREET, N.W. WASHINGTON, D.C. 20566	12/30/09		UNRESTRICTED - ANNUAL GIVING	50,000
THE MUSIC CENTER OF LOS ANGELES COUNTY 135 NORTH GRAND AVE LOS ANGELES, CA 90012 #143	12/30/09		UNRESTRICTED ANNUAL GIVING	5,000
Total			3a	155,000
b Approved for future payment				
Total			3b	

Enter gross amounts unless otherwise indicated.

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

N/A



45-604 Eye-Ease®
45-304 2-Pack
Made in USA

THE RAUCH FAMILY FOUNDATION

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2009 990PF ATTACHMENT

Prepared By	Initials	Date
Approved By	10/2	

1		PART I - LINE 23 - OTHER EXPENSES							
2		J.P. MORGAN H&Q FUND II, LLC - MANAGEMENT						477	
3		GRAYHAWK VENTURE FUND, I, LP - MANAGEMENT						7598	
4		OPPENHEIMER & CO. - CHAIRMAN FEE						50	
5								<u>8125</u>	
6									
7		PART II - LINE 10B - INVESTMENTS - CORPORATE STOCK							
8									
9			PER SHARE		VALUE			UNREALIZED	
10	SHARPS		BOOK	FMV	BOOK	FMV		GAIN/LOSS	
11	18,882	ADVANTAGE MICRO DEVISOR NYSE	21.12	9.68	398891	182778		< 216113 >	
12	10,000	"	21.62	9.68	216277	96800		< 119477 >	
13	20,000	"	27.00	9.68	540041	193600		< 346441 >	
14	48,882	"	23.63	9.68	1155209	473178		< 682031 >	
15									
16	100	ALLEGHENY TECHNOLOGICAL NYSE	21.24	44.77	2124	4477		2353	
17	727	"	30.51	44.77	22184	32548		10364	
18	1,925	"	23.78	44.77	45770	86182		40412	
19	7,971	"	16.59	44.77	148212	356862		208650	
20	10,723	"	20.35	44.77	218290	480069		261779	
21									
22	2,560	AMERICAN ECOLOGY NASDAQ	4.33	17.04	11094	43622		32528	
23	238	"	8.25	17.04	1964	4056		2092	
24	2,798	"	1.00	17.04	2798	47678		44880	
25	198	"	10.49	17.04	2067	3374		1307	
26	5,764	"	3.09	17.04	17923	98730		80807	
27									
28	2	BAKER HUGHES NYSE	41.50	40.48	83	81		< 2 >	
29	24	BLOCK, H&R NYSE	25.04	22.62	601	542		< 58 >	
30									
31	2,900	CURTIS WRIGHT NYSE	10.60	31.32	15377	90828		75451	
32	3,124	"	9.33	31.32	14577	97844		83267	
33	6,024	"	9.44	31.32	29954	188672		158718	
34									
35	1	INTERMED NYSE	22.00	12.86	22	13		< 9 >	
36									
37	11,170	UNITRIN NYSE	20.62	22.05	230363	246298		15935	
38	12,020	"	18.15	22.05	218378	265267		46889	
39	10,000	"	27.02	22.05	270209	220500		< 49709 >	
40	32,200	"	21.65	22.05	718950	732060		13110	

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2009 990PF ATTACHMENT

Prepared By	Initials	Date
Approved By		2/2

		1		2		3		4	
		PART II - LINE 10B - INVESTMENT - CORPORATE STOCK (CONTINUOUS)							
		PER SHARE		VALUE		UNADJUSTED			
SHARES		BOOK	FMV	BOOK	FMV	GAIN/LOSS			
616	YAHOO	291	16.78	1795	10336	8541			
		SUBTOTAL		2142827		1983682		<159145>	
		EMERGING MARKETS							
		ADWTH FUND							
		CUSIP 29088610							
		SYMBOL 16E01							
32547.375		13.83	8.60	450000	279907	<170093>			
11847.981		14.12	8.60	167294	101892	<65402>			
21413.145		4.81	8.60	102997	184153	81156			
1002.944		8.53	8.60	8555	8626	71			
6811.445		10.91	8.60	728846	574578	<154268>			
		TO PART II - LINE 10B							
		CORPORATE STOCK		2871673		2558260		<313413>	
		PART II - LINE 13 - INVESTMENT - OTHER							
		J.P. MORGAN HERFUND II, LLC		14955		44041		<10914>	
		GRAY HAWK VENTURE FUND I, LP		105518		102744		<2774>	
		TO PART II - LINE 13		120473		106785		<13688>	
		PART II - LINE 9 - PREPAID EXPENSE							
		PREPAID TAXES - 2009							
		PART II - LINE 22 - TAXES PAYABLE							
		PART VII A - LINE 8A - STATE FILING							
		BY LETTER DATED 6/12/90 FROM THE NORTH CAROLINA							
		DEPARTMENT OF REVENUE, THE FOUNDATION IS NOT REQUIRED							
		TO MAKE ANY REPORT UNLESS IT HAS UNPAID BUSINESS TAXES							
		PART VII - LINE 10 - SUBSTANTIAL CONTRIBUTORS							
		DUDLEY A & CECILIA B. RAUCH				HENRY F. RAUCH, DECEASED			
		% FEDERAL BOOKKEEPING & TAX SERVICE INC				HENRY F. RAUCH, DUDLEY			
		421 NORTH EUCLID AVENUE				TRUST OF 1984			
		ONTARIO, CA. 91762				DUDLEY A RAUCH, TRUSTEE			
						TRUST ADDRESS			